



## **FEDERAL RESERVE SYSTEM**

### **Proposed Agency Information Collection Activities; Comment Request**

**AGENCY:** Board of Governors of the Federal Reserve System

**SUMMARY:** On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), pursuant to 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

**DATES:** Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

**ADDRESSES:** You may submit comments, identified by *FR Y-9C* or *FR Y-9SP* by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov). Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20<sup>th</sup> Street and Constitution Avenue, N.W., Washington, DC 20551.

All public comments are available from the Board's web site at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-500 of the Board's Martin Building (20th and C Streets, N.W.) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer—Shagufta Ahmed --Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235 725 17<sup>th</sup> Street, NW., Washington, DC 20503 or by fax to (202) 395-6974.

**FOR FURTHER INFORMATION CONTACT:** A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at:

<http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer —Cynthia Ayouch-- Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829. Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

## **SUPPLEMENTARY INFORMATION:**

### **Request for comment on information collection proposals**

The following information collections, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collections, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

- e. Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

**Proposal to approve under OMB delegated authority the revision, without extension, of the following reports:<sup>1</sup>**

*1. Report title:* Consolidated Financial Statements for Holding Companies.

*Agency form number:* FR Y-9C.

*OMB control number:* 7100-0128.

*Frequency:* Quarterly.

*Reporters:* Bank holding companies (BHCs) , savings and loan holding companies (SLHCs), and securities holding companies (SHCs) (collectively, “holding companies” (HCs)) .

*Estimated average hours per response:* Non-advanced approaches HCs:

50.84 hours, and advanced approaches HCs: 52.09 hours.

*Estimated annual reporting hours:* 232,515 hours.

*Number of respondents:* 1,143.

*General description of report:* This information collection is mandatory for BHCs (12 U.S.C. 1844(c)(1)(A)). Additionally, 12 U.S.C.

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<sup>1</sup> The family of FR Y-9 reporting forms also contains three other mandatory reports, which are not being revised at this time: The Parent Company Only Financial Statements for Large Holding Companies (FR Y-9LP), The Financial Statements for Employee Stock Ownership Plan Holding Companies (FR Y-9ES), and The Supplement to the Consolidated Financial Statements for Holding Companies (FR Y-9CS).

1467a(b)(2)(A) and 1850a(c)(1)(A), respectively, authorize the Federal Reserve to require that SLHCs and supervised SHCs file the FR Y-9C with the Federal Reserve. Confidential treatment is not routinely given to the financial data in this report. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6), or (b)(8) of FOIA (5 U.S.C. §§522(b)(4), (b)(6), and (b)(8)).

*Abstract:* The FR Y-9C consists of standardized financial statements similar to the Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income (Call Reports) (FFIEC 031 & 041; OMB No. 7100-0036) filed by commercial banks. It collects consolidated data from HCs and is filed quarterly by top-tier HCs with total consolidated assets of \$500 million or more. (Under certain circumstances defined in the General Instructions, BHCs under \$500 million may be required to file the FR Y-9C.)

*Current Actions:* FR Y-9C Schedule HC-R collects regulatory data on (1) tier 1, tier 2, and total capital and regulatory capital ratios (regulatory capital components and ratios portion) and (2) risk-weighted assets (risk-

weighted assets portion).<sup>2</sup> The Federal Reserve proposes to revise the reporting requirements for the risk-weighted assets portion of Schedule HC-R by incorporating the standardized approach consistent with the revised regulatory capital rules.<sup>3</sup> Compared to the current schedule, the proposed risk-weighted assets portion of Schedule HC-R would provide a more detailed breakdown of on-balance sheet asset and off-balance sheet item categories, remove the ratings-based approach from the calculation of risk-weighted assets, reflect alternative risk-weighting approaches not reliant on credit ratings, and include an expanded number of risk-weight categories, consistent with the revised regulatory capital rules. The Federal Reserve also proposes to delete current memoranda items 3 through 5 and 7 through 10, as these regulatory capital elements no longer exist under the revised regulatory capital rules.

FR Y-9C Schedule HC-L collects regulatory data on derivatives and off-balance sheet items. The Federal Reserve proposes to revise the reporting requirements for off-balance sheet exposures related to securities

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<sup>2</sup> On January 10, 2014, the Federal Reserve published a final notice (79 FR 1862) in the Federal Register pertaining to the Board approval of revised reporting requirements for the regulatory capital components and ratios portion of Schedule HC-R, consistent with the revised regulatory capital rules, and designated the risk-weighted assets portion of Schedule HC-R as Part II. See 78 FR 62204.

<sup>3</sup> 78 FR 62018 (Oct. 11, 2013)

lent and borrowed, consistent with the revised regulatory capital rules.

Currently, institutions include the amount of securities borrowed in the total amount of all other off-balance sheet liabilities if the amount of securities borrowed is more than 10 percent of total holding company equity capital and disclose the amount of securities borrowed if that amount is more than 25 percent of total holding company equity capital. Compared to the current schedule, the proposed changes to Schedule HC-L would require all institutions to report the amount of securities borrowed. In addition, the proposed changes to Schedule HC-L would place the data item for securities borrowed immediately after the data item for securities lent. The revised capital rules require the identification of all securities borrowed and lent. By removing the current reporting thresholds, the proposed changes to Schedule HC-L would meet this need.

BHCs and top-tier SLHCs that are not substantially engaged in insurance or commercial activities<sup>4</sup>(covered SLHCs), which are subject to

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<sup>4</sup> A top-tier SLHC is deemed to be substantially engaged in insurance activities (insurance SLHC) if (1) the top-tier SLHC is an insurance underwriting company (as defined in section 201 of the Dodd Frank Act); or (2) as of June 30 of the previous calendar year it held 25 percent or more of its total consolidated assets in subsidiaries that are insurance underwriting companies (other than assets associated with insurance for credit risk). For purposes of determining the 25 percent threshold, the SLHC must calculate its total consolidated assets in accordance with generally accepted accounting principles (GAAP), or if the SLHC does not calculate its total

consolidated regulatory capital requirements effective January 1, 2015, would begin reporting on the proposed revised Schedule HC-R, Part II, and revised Schedule HC-L starting on March 31, 2015, applying the revised regulatory capital rules.

*2. Report Title:* Parent Company Only Financial Statements for Small Holding Companies.

*Agency form number:* FR Y-9SP.

*OMB control number:* 7100-0128.

*Frequency:* Semiannually, as of the last calendar day of June and December.

*Reporters:* BHCs, SLHCs and SHCs with total consolidated assets of less than \$500 million (small BHCs, small SLHCs and small SHCs).

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consolidated assets under GAAP for any regulatory purpose (including compliance with applicable securities laws), the SLHC may estimate its total consolidated assets, subject to review and adjustment by the Federal Reserve. Thus, insurance SLHCs are not required to complete Schedule HC-R, even if they complete other schedules of FR Y-9C.

A top-tier SLHC is deemed to be substantially engaged in commercial activities (commercial SLHC) if (1) the top-tier SLHC is a grandfathered unitary SLHC as defined in section 10(c)(9)(A) of HOLA and (2) as of June 30 of the previous calendar year it derived 50 percent or more of its total consolidated assets or 50 percent of its total revenues on an enterprise-wide basis (as calculated under GAAP) from activities that are not financial in nature under section 4(k) of the Bank Holding Company Act (12 U.S.C. 1842(k)). This exclusion from the revised regulatory capital rules is similar to the current regulatory reporting exemption for SLHCs substantially engaged in commercial activities and is designed to capture those SLHCs that would likely be subject to a future intermediate HCs regulation of the Federal Reserve.

*Estimated average hours per response:* BHCs: 5.40 hours; SLHCs: 16.20 hours.

*Estimated annual reporting hours:* 183,894 hours.<sup>5</sup>

*Number of respondents:* 3,939.

*General description of report:* This information collection is mandatory for BHCs [12 U.S.C. 1844(c)(1)(A).] Additionally, 12 U.S.C. 1467a(b)(2)(A) and 1850a(c)(1)(A), respectively, authorize the Federal Reserve to require that SLHCs and supervised SHCs file the FR Y-9SP with the Federal Reserve. Confidential treatment is not routinely given to the financial data in this report. However, confidential treatment for the reporting information, in whole or in part, can be requested in accordance with the instructions to the form, pursuant to sections (b)(4), (b)(6), or (b)(8) of the Freedom of Information Act (5 U.S.C. 552(b)(4), (b)(6), and (b)(8)).

*Abstract:* The FR Y-9SP is a parent company only financial statement filed semiannually by smaller HCs. Respondents include HCs with total consolidated assets of less than \$500 million. This form is a simplified or

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<sup>5</sup> On December 30, 2013, the Federal Reserve approved a revision to the FR Y-9C and FR Y-9SP consistent with the regulatory capital rules approved by the Board of Governors on July 2, 2013. This revision resulted in a one-time implementation cost of 500 hours per respondent, for 271 respondents, with a total increase of 135,500 hours for the FR Y-9SP for 2014.

abbreviated version of the FR Y-9LP. This report is designed to obtain basic parent company balance sheet and income data, data on intangible assets, and data on intercompany transactions.

*Current Actions:* The Federal Reserve proposes to revise the FR Y-9SP reporting requirements to align with the revised regulatory capital rules, which apply to covered SLHCs with total consolidated assets of less than \$500 million (small covered SLHCs). The Federal Reserve proposes to revise Schedule SC-R, Part II, as described above for the FR Y-9C, to collect consolidated risk-weighted assets data for small covered SLHCs.

Schedule SC-R, Part II, would collect consolidated risk-weighted assets data from small covered SLHCs and therefore eliminate the need for institutions to file a consolidated FR Y-9C report. Small covered SLHCs would apply the revised regulatory capital rules to report their regulatory capital risk-weighted assets data on the proposed revised Schedule SC-R, Part II, starting on June 30, 2015. Small BHCs with total consolidated assets of less than \$500 million would not be affected by this proposal.

The following table summarizes the proposed reporting criteria for FR Y-9C and FR Y-9SP respondents.

FR Y-9C respondents		
Respondents	2014	2015
Non-advanced approaches BHCs	<ul style="list-style-type: none"><li>• Complete the current Schedule HC-R, Part I.A and Part II</li><li>• Do not complete proposed Schedule HC-R, Part I.B</li></ul>	<ul style="list-style-type: none"><li>• Current Schedule HC-R, Part I.A is removed and Part I.B is re-designated as Part I;</li><li>• Complete the proposed Schedule HC-R, Part I.B (re-designated as Part I in 2015) and Part II;</li><li>• Schedule HC-R, Part II includes the proposed revised and renumbered risk-weighted assets portion</li><li>• Proposed changes to Schedule HC-L would be implemented.</li></ul>
Advanced approaches BHCs	<ul style="list-style-type: none"><li>• Do not complete Schedule HC-R , Part I.A (items 1 through 33);</li><li>• Complete current Schedule HC-R, Part II</li><li>• Complete proposed Schedule HC-R, Part I.B (items 1 through 48)</li></ul>	
Covered SLHCs other than small covered SLHCs	Do not complete Schedule HC-R	
FR Y-9SP respondents		
Respondents	2014	2015
Small BHCs	No change	No change
Small covered SLHCs	No change	Complete proposed Schedule SC-R, Parts I and II

***Detailed Description of Proposed Schedules HC-R, Part II and SC-R,  
Part II***

This section describes the proposed changes to FR Y-9C Schedule HC-R, Part II and FR Y-9SP Schedule SC-R, Part II to implement the reporting of risk-weighted assets consistent with the revised regulatory capital rules. As previously discussed, effective for the March 31, 2015, report date, the existing risk-weighted assets portion of Schedule HC-R, Part II (items 34 through 62 and Memoranda items 1 through 11), would be replaced by a revised Part II that would be completed by HCs that file the FR Y-9C. Effective June 30, 2015, the proposed Schedule SC-R, Part II would be completed by covered SLHCs that file the FR Y-9SP.

Proposed revised Part II of Schedules HC-R and SC-R would be divided into the following sections: (A) on-balance sheet asset categories; (B) derivatives and off-balance sheet items; (C) totals; and (D) memoranda items for derivatives. A brief description of each of these sections and the corresponding line items is provided below.

**A. Schedules HC-R, Part II and SC-R, Part II, items 1 through 11:**

**Balance sheet asset categories**

Proposed data items 1 through 8 reflect on-balance sheet asset categories (excluding those assets within each category that meet the

definition of a securitization exposure), similar to the asset categories included in the current version of Schedule HC-R, but the proposed items would capture greater reporting detail. The number of risk weight categories to which the individual assets in each asset category would be allocated would be expanded consistent with the revised regulatory capital rules. On-balance sheet assets and off-balance sheet items that meet the definition of a securitization exposure would be reported in items 9 and 10, respectively. The proposed instructions, with reference to the revised regulatory capital rules, would describe the appropriate risk-weight category allocations for each on-balance sheet asset category and the appropriate risk-weight calculations for securitization exposures.

Subject to the separate reporting of securitization exposures from the related on-balance sheet asset category, total on-balance sheet assets are equal to the sum of: (item 1) cash and balances due from depository institutions; securities, excluding securitization exposures, which are composed of (item 2.a) held-to-maturity (HTM) securities and (item 2.b) available-for-sale (AFS) securities; (item 3) federal funds sold and securities purchased under agreements to resell; loans and leases held for sale, which are composed of (item 4.a) residential mortgage exposures, (item 4.b) high volatility commercial real estate (HVCRE) exposures, (item 4.c) exposures

past due 90 days or more or on nonaccrual, and (item 4.d) all other exposures; loans and leases, net of unearned income, which are composed of (item 5.a) residential mortgage exposures, (item 5.b) HVCRE exposures, (item 5.c) exposures past due 90 days or more or on nonaccrual, and (item 5.d) all other exposures; less (item 6) allowance for loan and lease losses; (item 7) trading assets, excluding securitization exposures that receive standardized charges; (item 8) all other assets; and on-balance sheet securitization exposures, which are composed of (item 9.a) HTM securities, (item 9.b) AFS securities, item 9.c) trading assets that receive standardized charges, and (item 9.d) all other on-balance sheet securitization exposures. As mentioned above, off-balance-sheet securitization exposures would be reported in item 10.

Line item 11 would collect total information on the institution's on-balance sheet asset categories and on-balance sheet securitization exposures, including for each risk-weight category, calculated as the sum of items 1 through 9.

**B. Schedules HC-R, Part II and SC-R, Part II, items 12 through 21:**

**Derivatives and off-balance sheet items**

Proposed data items 12 through 21 pertain to the reporting of derivatives and off-balance sheet items, excluding those that meet the

definition of a securitization exposure (which are reported in item 10 as discussed above). Consistent with the revised regulatory capital rules, new data items would be added and the number of risk weight categories to which the credit equivalent amounts of derivatives and off-balance sheet items would be allocated would be expanded. The proposed instructions, with reference to the revised regulatory capital rules, would describe the appropriate risk-weight category allocations for each derivative and off-balance sheet item category.

Derivatives and off-balance sheet items would consist of: (item 12) financial standby letters of credit; (item 13) performance standby letters of credit and transaction-related contingent items; (item 14) commercial and similar letters of credit with an original maturity of one year or less; (item 15) retained recourse on small business obligations sold with recourse; (item 16) repo-style transactions (excluding reverse repos), which includes securities borrowed, securities lent, and securities sold under agreements to repurchase; (item 17) all other off-balance sheet liabilities; unused commitments, which is composed of (item 18.a) the unused portion of commitments with an original maturity of one year or less, excluding asset-backed commercial paper (ABCP) conduits, (item 18.b) the unused portion of eligible ABCP liquidity facilities with an original maturity of one year or

less, and (item 18.c) the unused portion of commitments and commercial and similar letters of credit that have an original maturity exceeding one year; (item 19) unconditionally cancelable commitments; (item 20) the credit equivalent amount of over-the-counter derivative contracts; and (item 21) the credit equivalent amount of centrally cleared derivative contracts.

**C. Schedules HC-R, Part II and SC-R, Part II, items 22 through 30:**

**Totals**

Proposed data items 22 through 30 apply the risk-weight factors to the exposure amounts reported for total assets, derivatives, and off-balance sheet items in items 11 through 21 and would calculate the HC's total risk-weighted assets.

Data item 24 would collect information on an HC's risk-weighted assets by risk-weight category. For each column, this would be equal to the product of the amount reported (data item 22) for total assets, derivatives, and off-balance sheet items by risk-weight category, multiplied by (data item 23) the applicable risk-weight factor.

Data item 25 would collect an HC's measurement of risk-weighted assets for purposes of calculating the HC's 1.25 percent of risk-weighted assets limit on the allowance for loan and lease losses.

Data item 26 would collect an HC's standardized measurement of market risk-weighted assets, if applicable. However, this item is not applicable to filers of the FR Y-9SP, so it will only appear in Schedule HC-R, Part II.

Data item 30 would collect an HC's total risk-weighted assets, calculated as: (data item 27) risk-weighted assets before deductions for excess allowance of loan and lease losses and allocated risk transfer reserve; less (data item 28) excess allowance for loan and lease losses; and less (data item 29) allocated transfer risk reserve.

**D. Schedules HC-R, Part II and SC-R, Part II, memoranda items 1 through 4: Memoranda**

In proposed memorandum items 1 through 3, an HC would report the current credit exposure and notional principal amounts of its derivative contracts. Consistent with the revised regulatory capital rules, existing memorandum item 2 would be revised.

Memorandum item 1 would continue to collect the HC's total current credit exposure amount for all interest rate, foreign exchange rate, gold, credit, commodity, equity, and other derivative contracts covered by the revised regulatory capital rules after considering applicable legally enforceable bilateral netting agreements.

Memoranda items 2 and 3, respectively, would collect, by remaining maturity and type of contract, the notional principal amounts of the HC's over-the-counter and centrally cleared derivative contracts subject to the revised regulatory capital rules. Data on interest rate, foreign exchange rate and gold, credit (investment grade reference assets), credit (non-investment grade reference assets), equity, precious metals (except gold), and other derivative contracts would be reported separately. Currently, HCs report these notional principal amounts and remaining maturities, but without distinguishing between over-the-counter and centrally cleared derivatives. In addition, foreign exchange rate contracts and gold contracts would be combined in Memoranda items 2 and 3, whereas each of these two types of contracts currently is reported separately in Memorandum item 2.

Memoranda item 4 would retain the memoranda item related to standardized market risk equivalent assets attributable to specific risk that is included in the risk-weighted assets portion of current Schedule HC-R without change (current Schedule HC-R, Part II, memoranda item 6). However, this item is not applicable to filers of the FR Y-9SP, so it will only appear in Schedule HC-R, Part II.

### ***Detailed Description of Proposed Revisions to Schedule HC-L***

This section describes the proposed changes to FR Y-9C, Schedule HC-L, to implement the reporting of securities lent and borrowed consistent with the revised regulatory capital rules. Effective for the March 31, 2015, report date, the existing line item for securities lent (current item 6 of Schedule HC-L) would be renumbered and the existing reporting requirements for securities borrowed (current items 9 and 9.a) would be revised as described below.

In current Schedule HC-L, securities lent and borrowed are reported separately, not in sequential order. Furthermore, all institutions must report securities lent, but securities borrowed are reported and disclosed only if the amount exceeds specified thresholds. Securities borrowed are included in data item 9, All other off-balance sheet liabilities, if the amount of securities borrowed is greater than 10 percent of Schedule HC, data item 27.a, Total holding company equity capital. If the amount of securities borrowed is greater than 25 percent of total holding company equity capital, then that amount is reported separately in data item 9.a, Securities borrowed.

Proposed data item 6.a would be used for reporting securities lent and data item 6.b would be used for reporting securities borrowed. The total amount of securities borrowed would be reported in data item 6.b regardless

of amount, not just when the amount is more than the 10 percent of the holding company equity capital threshold, as is currently the case.

Board of Governors of the Federal Reserve System, August 1, 2014.

Robert deV. Frierson,  
Secretary of the Board.  
Billing Code 6210-01-P

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